

2023-27

POWERLINK QUEENSLAND REVENUE PROPOSAL

Appendix 3.03 – PUBLIC

Customer Panel Statement on Engagement

© Copyright Powerlink Queensland 2021



Powerlink Customer Reference Panel – Statement on Engagement

At PQ's request, the Panel members met separately to discuss our experiences of engagement with Powerlink, and to make a formal statement about that engagement. This discussion was held via videoconference and email in December 2020, and covered the engagement relating to PQ's preparations for their latest revenue proposal. Some Panel members have been involved with PQ for several years, while others have joined fairly recently.

We considered the following issues:

1. Has Powerlink's approach to engagement has been genuine? Do Customer Panel members consider they have been taken on the journey and kept informed?

The panel are unanimous in our view that Powerlink's engagement with us has been genuine, consistent and deep. We also acknowledge the consistent high-level efforts of PQ staff to ensure that they engage meaningfully with us.

2. Do Customer Panel members consider we have been able to influence the Revenue Proposal? If so, on what issues?

The Panel easily identified a number of cases where we feel we have influenced the RP. Some specific examples include:

- The Engagement Co-design workshop had a strong influence on subsequent engagement
- Development of the business narrative with the panel was very useful
- Proposed change in depreciation adjusted in response to panel feedback
- CAPEX/OPEX calculations or treatments changed in response to panel feedback
- Treatment of contingent reinvestment projects changed in response to panel and AER feedback

The Panel view this level of influence as high relative to other engagement processes in the industry.

3. As an overall package, do members consider that the Revenue Proposal is reasonable? (noting the AER has its technical work to do)

The majority of Panel members are happy to declare the RP to be reasonable: there's nothing on the table we are still debating, and there's unlikely to be any surprises, so the package that we can see at the moment is reasonable. Some Panel members are less comfortable with making this declaration at this point, either because they have some specific concerns about issues PQ has not yet addressed with the Panel, or due to their relative lack of expertise and prior experience with such processes. We also note that the Panel members differ markedly in backgrounds, roles in our own organisations, and familiarity with other proposals from other energy industry members, making our judgements here more complex than a simple binary choice.

4. Are there any other criteria we think should be added to/removed from the framework discussed at the last panel meeting

Panel members made a number of suggestions for additional criteria (mostly these emerged from discussions about things that PQ had also done well in their engagement with us):

- What could have been done better in engagement?
- Is engagement well structured, organised and documented?
- Is sufficient time given for “real” engagement?
- Consideration of both quantity and quality (time for extra one-on-one meetings).
- Does engagement take customers on a journey? (e.g. provide a business narrative, which is important for context setting).
- How were divergent panel member views dealt with?
- Were there any surprises during engagement?

Panel members also discussed a couple of additional points which we feel are worth conveying to PQ.

5. What could be done better (on engagement)?

There was some sense that PQ is trying to push the CRP to commit to a specific response, perhaps leading/coercing us more than they should. If Powerlink is asking the panel to judge “capable of acceptance”, then Powerlink should have first clarified what that means with the AER first, so that then the panel members had a clearer target to judge against. But we also note that the “capable of acceptance” drive is quite recent and the AER is still in the process of developing its own detailed understanding of what this means.

There was a suggestion/call for more diversity on the panel, and perhaps some succession planning for panel members, as well as some more targeting of voices that are currently absent.

Noting the excellent depth of PQ’s engagement with the Panel, we also feel that there could be better breadth of engagement with customers and stakeholders outside the panel. We acknowledge the difficulty in conducting such engagement, but would like to see more evidence of engagement with local councils, smaller businesses, etc., as well as evidence that engagement with them has also influenced Powerlink’s decisions. The Panel feel that we would be well-served with more information from other stakeholders; it would enhance our capability.

6. Discussion of our understanding of “capable of acceptance”.

Some Panel members feel they don’t have the skills or grounding to be able to make a formal judgement about whether the PQ proposal is “capable of acceptance” as per the AER terminology. There’s a suggestion that we can’t make a real judgement until we have seen the full proposal. We also considered whether the “capable of acceptance” judgement could be made only once, either when we see the January 2021 proposal, or even after the AER Draft Decision. It would have been really useful for the AER to have explained specifically to us what they mean by “capable of acceptance”, because some of us perceive it may be ‘tighter’ and more declaratory than the ‘looser’ definition that seemed to be proposed by Powerlink. There is a feeling among Panel members that

the CRP may provide a statement that PQ's proposal is "capable of acceptance, subject to some conditions are met or clarified". We do not have any suggestions yet for what such conditions might be; at this stage we are suggesting a likely format.

Finally, the Panel members note in this statement that we are responding as individuals who happen to be members of our home organisations. We cannot ratify statements like this on behalf of our individual organisations or industry sectors without a much longer lead time and extensive internal negotiation.

Sincerely, on behalf of,

Dean Gannaway – Aurizon

Andrew Barger – Qld Resources Council

Henry Gorniak – CS Energy

David Hiette – BMA

Robyn Robinson – COTA

Mark Grenning - EUAA

Ian Christmas - Edify Energy

Georgina Davis – Queensland Farmers' Federation

Claire Hamilton – Shell

Chris Hazzard – St Vincent de Paul

John Gardner – CSIRO